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# Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 CIAE-00 DODE-00
NSAE-00 NSCE-00 SSO-00 USIE-00 INRE-00 CAB-02
COME-00 DOTE-00 INR-07 EPG-02 FAA-00 PM-04 H-01
L-03 NSC-05 PA-01 PRS-01 SP-02 SS-15 IO-13
AGRE-00 /083 W
----------280745Z 109202 /16
O 280710Z MAY 77
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC IMMEDIATE 5063
AMEMBASSY LONDON IMMEDIATE

C O N F I D E N TI A L HONG KONG 6134

EO 11652: GDS
TAGS: EAIR, UK, HK
SUBJ: US-UK CIVIL AIR NEGOTIATIONS: HONG KONG ROUTES

REFS: A) STATE 123573 B) LONDON 8822 C) STATE 86701

1. MY INTENDED ARGUMENTS THAT WE SHOULD NOT USE NON-
AVIATION TRADE PRESSURE IN LONDON NEGOTIATIONS OVERTAKEN BY
DEPARTMENT'S MESSAGE (REF A) EXPLAINING WHY IT WOULD BE IMPOSSIBLE
TO DO SO. AS TO CONSEQUENCES OF SUSPENDED SERVICE, US CARRIER
REPS IN HK (PANAM, NW) BELIEVE JUNE 22 SUSPENSION OF US FLAG SERVICE
BETWEEN HK AND US WOULD HAVE SERIOUS EFFECT ON HK.
PASSENGER SERVICE WOULD SUFFER SUBSTANTIAL, 'THOUGH TOLERABLE,
DISRUPTION, FOR WHICH REGIONAL CARRIERS COULD PROBABLY COMPENSATE.
AIR CARGO SERVICE, HOWEVER, WOULD BE CRIPPLED. IN WORDS OF ONE
US REP, "HK WOULD CHOKE ON ITS OWN GOODS." EFFECTS OF SERVICE
SUSPENSION WOULD BE FELT ALMOST IMMEDIATELY. JULY
AND AUGUST ARE PEAK MONTHS FOR AIR CARGO IMPORTS, AS
HK MANUFACTURERS INCREASE PRODUCTION TO MEET CHIRSTMAS
SEASON DEMANDS IN THEIR EXPORT MARKETS. MORE IMPORTANT,
AIR EXPORTS PICK UP QUICKLY IN JULY AND AUGUST,
HEADING TOWARD LATE AUTUMN PEAK LOADS. ONE US CARRIER
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REP AFFIRMED THAT BETWEEN JULY AND DECEMBER 15 AIRCARGO
SPACE TO THE US IS MOST DIFFICULT TO FIND. THAT IS
THE PERIOD DURING WHICH GARMENTS MUST BE EXPORTED TO
MEET US IMPORTERS FALL AND WINTER FASHION DEADLINES.
ALSO, THE TEXTILE QUOTA YEAR ENDS ON SEPTEMBER 30.
IN EARLIER US-UK CIVAIR NEGOTIATING SESSIONS, IT
WILL BE RECALLED, UKDEL ACKNOWLEDGED PRESSURES ON

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CARGO CARRIERS DURING THAT PERIOD (REF C), BY CLAIMING
THAT US CARRIERS' UNRESPONSIVENESS TO HK EXPORTERS HAD
CAUSED "FUROR."

2. CONSENSUS OF US CARRIER HK REPS HOLDS THAT NO COMBINA-
TION OF REGIONAL OR TRANSPACIFIC CARRIERS COULD HANDLE
CARGO LOAD INCREASES CAUSED BY SUSPENSION OF US CARRIER
SERVICE. IN REPS' VIEW, EVEN IF REGIONAL CARRIERS
HAD EQUIPMENT, CARGO TRANSFERS AT MANILA, TAIPEI OR
TOKYO WOULD ADD COST AND LOSE TIME. REGARDING TOKYO, REPS
ALSO NOT CONFIDENT THAT JAPANESE WOULD PERMIT OTHER
CARRIERS TO USE TOKYO SLOTS "VACATED" BY SUSPENDED US
CARRIERS. WHILE THE RISKS OF ACTUALLY SUSPENDING
SERVICE MAY BE TOO GREAT, THE THREAT TO DO SO (IF MADE KNOWN
TO SHIPPERS) WOULD BE CREDIBLE AND BRING STRONG PRESSURES TO
BEAR ON THE HK GOVERNMENT.

3. REGARDING HKG'S NEGOTIATING PRIORITIIES, HKG OFFICIALS HERE
APPEAR MOST CONCERNED WITH FIFTH FREEDOM ALL CARGO RIGHTS IN THE
REGION, AND THE NEED TO TAKE SOME ACTION IN SUPPORT OF
CATHAY PACIFIC.

4. HK-BASED PANAM REGIONAL DIRECTOR TOLD CONGEN OFFICER THAT
BRIAN KEEP, HK CIVIL AVIATION DEPUTY DIRECTOR, RECENTLY TOLD
HIM THAT HKG REPS WERE PRESSING UKDEL "TO LEAVE HK OUT OF THIS."
KEEP NOTED THAT HKG REPS (PRESUMABLY HE HIMSELF IN EARLIER
SESSIONS AND DAVID WONG IN CURRENT ONE) HAD BEEN QUITE VOCAL IN
UKDEL INTERNAL DISCUSSION, ARGUING AGAINST USING HK TO GAIN
LEVERAGE THAT OUR REPRESENTATIONS TO THE HKG HAVE HAD IMPACT.
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5. I INTEND TO KEEP UP THE PRESSURE IN A MEETING WITH THE
ACTING GOVERNOR EARLY NEXT WEEK. WITHOUT THREATENING USG
ECONOMIC RETALIATION, I WILL EMPHASIZE MY CONCERN THAT CONTINUATION
OF THIS CONFRONTATION WILL SOUR THE ATMOSPHERE OF US-HK RELATIONS
MAKING IT DIFFICULT FOR US TO RESIST PRESSURES FROM OUTSIDE THE
GOVERNMENT TO TAKE ACTIONS WHICH COULD REDUCE HK'S ACCESS TO US
MARKET.
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# Message Attributes

**Automatic Decaptioning:** X
**Capture Date:** 01-Jan-1994 12:00:00 am
**Channel Indicators:** n/a
**Current Classification:** UNCLASSIFIED
**Concepts:** AVIATION AGREEMENTS, NEGOTIATIONS, AIR ROUTES
**Control Number:** n/a
**Copy:** SINGLE
**Sent Date:** 28-May-1977 12:00:00 am
**Decaption Date:** 01-Jan-1960 12:00:00 am
**Decaption Note:**
**Disposition Action:** RELEASED
**Disposition Approved on Date:**
**Disposition Case Number:** n/a
**Disposition Comment:** 25 YEAR REVIEW
**Disposition Date:** 22 May 2009
**Disposition Event:**
**Disposition History:** n/a
**Disposition Reason:**
**Disposition Remarks:**
**Document Number:** 1977HONGK06134
**Document Source:** CORE
**Document Unique ID:** 00
**Drafter:** n/a
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**Expiration:**
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**Handling Restrictions:** n/a
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**Original Classification:** CONFIDENTIAL
**Original Handling Restrictions:** n/a
**Original Previous Classification:** n/a
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**Previous Handling Restrictions:** n/a
**Reference:** 77 STATE 123573, 77 LONDON 8822, 77 STATE 86701
**Retention:** 0
**Review Action:** RELEASED, APPROVED
**Review Content Flags:**
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**Review Exemptions:** n/a
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**SAS ID:** 2563224
**Secure:** OPEN
**Status:** NATIVE
**Subject:** US-UK CIVIL AIR NEGOTIATIONS: HONG KONG ROUTES
**TAGS:** EAIR, UK, HK, US
**To:** STATE LONDON
**Type:** TE
**vdkvgwkey:** odbc://SAS/SAS.dbo.SAS_Docs/737c3096-c288-dd11-92da-001cc4696bcc
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